



**Meeting: Harbour Committee**

**Date: 24<sup>h</sup> September 2018**

**Wards Affected: All wards**

**Report Title: Torquay Fuel Station**

**Executive Lead Contact Details: Non-Executive Function**

**Supporting Officer Contact Details: Adam Parnell**

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## **1. Purpose**

- 1.1 To determine the most efficient and effective way of providing a marine fuel service in Torquay harbour.

## **2. Proposed Decision**

- 2.1 **That the Harbour Master be directed to seek tender applications for the provision of a marine fuel service in Torquay harbour.**

## **3. Action Needed**

- 3.1 If the report is approved, that the Harbour Master liaises with Procurement and the TDA to develop a tender process seeking applications for the provision of a marine fuel service in Torquay harbour from an external commercial operator.

## **4. Summary**

- 4.1 The marine fuel station in Torquay is council-owned but has historically been leased to a commercial operator. After the lease was terminated in April 2018 a marine fuel engineering consultancy firm was commissioned to provide a material assessment of the fuel station. They concluded that the infrastructure was in a poor condition and they would not endorse its continued use. As a result the fuel station was not operated over the summer.
- 4.2 A number of options have been identified to reinstate the marine fuel service, which broadly fall into two camps: retain 'in-house' or seek external tender applications. These are detailed in the main body of the report but unless the council chooses to operate the existing infrastructure at risk, then retention of the service would require £60k to £350k to replace and update the equipment. Although retention is undoubtedly more profitable, it carries increased commercial risks, so for economic

and commercial reasons it is recommended that an external service provider be sought.

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## Supporting Information

### 5. Possibilities and Options

5.1 There are a number of options available to reinstate the marine fuel service:

- a. Do nothing. This summer has shown that Torquay *could* sustainably run without a fuel station; vessel owners would instead bring fuel in hand-portable fuel cans. The major disadvantage is that this increases the risk of fuel pollution in the harbour due to spills etc while refuelling.
- b. Use existing infrastructure. This is a quick and low-cost option (approx £10k for replacement pumps) but the serviceable life of the existing tanks is not known and there is a risk (albeit low) that the tanks fail and leak fuel into the pier and thence into the harbour. Moreover because of the small capacity of the existing fuel tanks the harbour could not purchase petrol or diesel in sufficient quantity to get rates much below that of forecourt prices. Once additional costs were then included the station would be selling at above-forecourt prices and users would thus be encouraged to continue bringing fuel into the harbour themselves, with the same risks of spillage etc outlined in option (a).
- c. Decommission the existing tanks and install an above-ground system. Decommissioning the tanks is estimated at approximately £15k. Installing above ground tanks would cost around £60k, and possibly considerably more if the pier requires strengthening works to accommodate the weight of the new tanks (around 40 tons). Obtaining planning permission to undertake the works might be difficult because the tanks would be a visual change within the harbour.
- d. Install new under-ground tanks. Although this obviates the disadvantages of option (c) this would be more expensive. The stability of the pier structure is also of concern due to its age and construction method, and there is a risk of partial collapse without further ground stabilisation works.
- e. Decommission the existing tanks and purchase a pontoon-based system. Tank decommissioning costs are estimated at £15k but thereafter the site could be re-purposed and leased, which would recoup these costs over 3-6 years. However a pontoon-based system is estimated at around £300k.
- f. Seek external applications for the provision of fuel. Seeking a commercial operator to upgrade and run from the existing site or to invest in a floating pontoon would transfer the commercial risks and obviate the large capital costs of the preceding options. However rent revenues to the Council would be lower than the potential profit margins that could be made if the service was retained in-house.

## **6. Preferred Solution/Option**

- 6.1 To seek external applications for the provision of a marine fuel station in Torquay. Although this means that future profits are not retained within the Council, the benefit of this option is that the Council do not need to make a large initial capital outlay (£10k - £300k dependent upon solution chosen).

## **7. Consultation**

- 7.1 The Torquay Harbour Liaison Forum have been consulted.

## **9. Risks**

- 9.1 There is a risk that no commercial operators are willing to provide this service. This is however assessed as low due to the number of informal approaches that have been made by these operators over the summer.

## **Appendices**

None

## **Additional Information**

None